

# The Advisor

A York County Newsletter for Professional Horticulturists and Workers in the Green Industry - Nov/Dec 2001



## Jim's Notes

There will be a Crape Myrtle Pruning Class for Professional Horticulturists and Workers who prune on December 7th, from 8-12 noon at Busch Gardens. This same course was held last year and was well attended. Through the many years of mis-pruning, this plant will become more and more stressed.

This stress will weaken the vigor of the plant causing disease and insect attacks and eventual death. We need to prune Crape Myrtles properly to reduce stress and improve their overall health on the peninsula. There are 35 seats in the class. There is no charge. Sign up via e-mail to [ex199@vt.edu](mailto:ex199@vt.edu), or call 890-4940. Please be prepared to provide company name, address, phone number, and number of attendees representing your company (maximum 4 attendees per company please).



## Calendar of Events

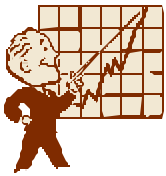
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| Nov. 2     | Perennials Production Seminar*, Louisa   |
| Nov 5-6    | 2001 Virginia Tech Farm and Small Business Income Tax Conference, Richmond.<br>Contact: Tax Conference Registrar at 540-231-2008   |
| Dec. TBA   | NCSU Poinsettia Cultivar Trial Open House*, Raleigh NC<br>VFGA tour offers transportation and lunch  |
| Dec 3-4    | Williamsburg: Virginia Tech Income Tax Conference.<br>Contact Tax conference Registrar at 540-231-2008   |
| Jan. 21-24 | Professional Horticulture Conference of Virginia*, Commercial Greenhouse Seminar,<br>Virginia Beach; <a href="http://www.phcv.org">http://www.phcv.org</a> . Register early for discounts. |
| Feb. TBA   | Basic Greenhouse Production School*, Richmond area   |



*\*Unless otherwise noted above, additional information on these events is available from: Joyce Latimer, Extension Specialist, Greenhouse Crops, Virginia Tech, 540-231-7906; [jlatime@vt.edu](mailto:jlatime@vt.edu)*

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## Entrepreneurship Quips, Quotes, and Gotcha's

**Farm Business Management Update,** By David M. Kohl, Courtney Huber, Alicia Moyer, and Jason Roller

This year's Small Business and Entrepreneurship class in the College of Agriculture and Life Sciences had the opportunity to interview over 75 different businesses concerning their startup and practices. The authors had an opportunity to grade the papers and summarize some of the ideas and quotes that were expressed in the interviews. Hopefully, these perspectives, based upon many other businesses located in Virginia and throughout the world, can assist you in energizing your agricultural and small business.

### Marketing

Many of the ideas came in the area of marketing. An owner of a horticultural business said, "It's not what you sell, but how you sell it." Oftentimes understanding customers' needs and cultivating that relationship is just as important as the quality of the product.



Another person, selling accounting and financial services, had an interesting observation, "Clients are people, not a source of income." The basic idea is that building trust with people is imperative. If they are served well, the income will generally follow.

A retail and food shop owner indicated that the Holy Grail of a small business is building a customer base. He further related the importance of finding the trend before it gets to the area so that you can catch the wave on the way up.

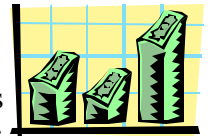
### Employee Management

Small business owners' biggest struggle appeared to be in the area of employee management. As one owner said, "Good employees with your vision in mind are difficult to find." In defense of the employees, sometimes the owners must take the time to explain the vision.

Another struggle was the conflict between the commitment of the owners and the employees. Students discovered in their interviews that many of the owners worked 80 to 90 hours per week. They are very passionate about their work. As their businesses grew, they were required to hire more employees. The same level of commitment is not sustained in the employees - often causing breakdowns in daily operations and, in some cases, customer service. "Never hire people you can't fire." One business owner stated that hiring a family member almost bankrupted his business not only through poor performance, but the theft of nearly \$50,000. A good financial accounting and control system is critical in any business that hires employees.

### Financing

Many of the small business owners were concerned about an economic recession. One was very upset at a large bank that he dealt with. He said, "Don't expect a bank to cooperate when you need them." The point is well taken. The cheapest rate is not always the number one attribute in selecting a lender. The banker's knowledge of your industry and the stability of the banking staff is very critical, particularly in uncertain times.



"You know you are making it in business when your credit line increases from \$2,500 to \$250,000." Historically, when working with small businesses, a key indicator of your success is when the bank expands your ability to obtain working capital through a short-term credit line. The next step in the ladder of credit is being able to secure this line of credit on a signature.

### Other Points

Many businesses were started without a business plan. However, those business people that developed and utilized plans found them not only to be a guide in operations but also to obtain financing from banks, other family members, and investment partners. Approximately one-third of the owners of small businesses who were interviewed had failed in at least one other business venture. Some had failed





because they did not thoroughly examine markets; others expanded too fast; while still others were in family businesses where discord in vision, goals, and objectives brought the small business house of cards down.

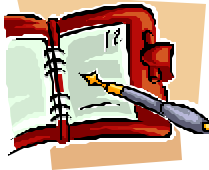
However, as one small business owner succinctly put it, "The fear of failure is a powerful motivator and form of initiative."

Another owner indicated that change is a valuable tool. Sometimes you have to cut your losses and move on to another market if you want to stay in business or you have a well thought-out exit plan.

### Leverage Yourself

Many of the small businesses were growing rapidly. To survive, one owner had a five-step process which can be applicable to any form of business:

- Learn what to do yourself and delegate;
- Determine the results you want to achieve;
- Decide which person is best for the task;
- Have checkpoints, controls, and feedback; and
- Provide for accountability.



The authors found the interviews to be energizing. Like a small business owner, who often runs on passion and adrenaline, maybe the preceding perspectives can pump new life into your business. Contact the author at [sullylab@vt.edu](mailto:sullylab@vt.edu).

## Year-End Tax Management Strategies

### Business Management Update, October 2001

By Jack Dunford

Income tax management is an important part of sound business management. A major goal of tax management is to minimize taxes over a period of



years rather than just in the current year. Having historical records to determine a "normal" income pattern over a multi-year period, enables you to use tax management when the estimated net income in a current year falls outside the normal pattern.

Some ways to delay income or accelerate expenses in good financial times are

- Use deferred sales contracts;
- Make bona fide advanced purchases of feed and fertilizer;
- Postpone some sales until next year - culls for example;
- Fully utilize "Section 179" depreciation;
- Make major machinery/equipment purchases in the current year; and
- Fully fund IRA's for you and your spouse.

Conversely, some ways to increase net income in the poor year are:

- Speed up marketable Nursery Item sales;
- Postpone major investments;
- Forego "Section 179" depreciation;
- Schedule bill payments into the next year if possible; and
- Do custom work.

Your tax management strategy must be consistent with a business management plan. Making a profitable management decision is always more important than making a decision resulting only in saved taxes. Also beware of managing net income so that it is consistently very low or even negative. Your family's future Social Security benefits will be severely impacted by this strategy. In addition, you need to generate at least enough net income to take full advantage of available personal exemptions and deductions. Now is the time for business tax planning and for properly managing tax liability without adversely impacting profitability. Accountants and other tax advisors earn most of their annual fees by providing useful tax management advice in the last business quarter.

Contact the author at [dunford@vt.edu](mailto:dunford@vt.edu)



The following message was received from Joyce Latimer Extension Specialist, Greenhouse Crops.

Dear Greenhouse Agents,

I would especially like for you to consider the Feb. 2002 program on **Basic Greenhouse Production Seminars**. My vision on this is a one-day program held at 4 to 6 locations around the state during January and February. The audience would be small to mid-sized growers. The program could cover: Media components and selection, Irrigation Water Quality and Quantity, Fertilizer Selection and Application, Growth Regulation (especially temperature and light), PourThru Monitoring (Putting it all together), Insect ID and Management, Disease ID and Management, and New Pesticides Update. Based on our survey results, this should be a very popular program if we can hold it close to the growers early enough in the season. We may not use the same speakers in all areas of the state. I could do most of the basic stuff or help any of you who want to do these talks. We can get industry speakers in some areas as well. We will have to identify the entomologists and pathologists for different parts of the state.

**I would appreciate your feedback on the program content and your thoughts on where to physically hold the program.** We need to set dates for this in the very near future.

The Virginia Flower Growers Association asked me to develop this program and they want to co-sponsor it with VCE. **Please help me identify any local greenhouse or floriculture groups who also would like to be involved in sponsoring the program in your area.**

*If any groups reading this would like to take part in the program in any form please contact me at 890-4940- - - Jim Orband*



## A Note On Organic Fertilizers

(taken from a VA Tech Article by Diane Relf)

Organic fertilizers contain relatively low concentrations of actual nutrients, but they perform important functions that the synthetic fertilizers do not. They increase the organic content and consequently the **water-holding capacity of the soil**. They improve the physical structure of the soil, allowing more air to get to plant roots. Where organic sources are used for fertilizer, bacterial and fungal activity increase in the soil. Mycorrhizal fungi, which make other nutrients more available to plants, thrive in soil where the organic matter content is high. Generally, organically derived plant nutrients are slow to leach from the soil, making them less likely to contribute to water pollution than synthetic fertilizers.

Diane Relf is an environmental horticulturist with Virginia Cooperative Extension and a member of the faculty of Virginia Tech.

The Advisor Newsletter is prepared by Bill Stansberry,  
York County Master Gardener in conjunction with

James Orband, Extension Agent/Agriculture